

Senate Engrossed House Bill

State of Arizona
House of Representatives
Forty-seventh Legislature
First Regular Session
2005

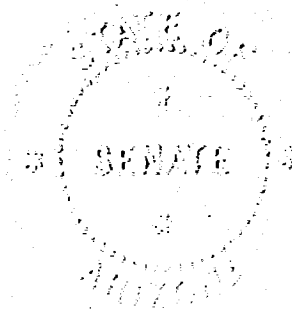
CHAPTER 66

HOUSE BILL 2056

AN ACT

AMENDING SECTION 42-14154, ARIZONA REVISED STATUTES; RELATING TO ELECTRIC AND
GAS UTILITY PROPERTY TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)



Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 42-14154, Arizona Revised Statutes, is amended to read:

42-14154. Computing valuation of electric transmission, electric distribution, gas distribution, combination gas and electric transmission and distribution and transmission and distribution cooperative property; definitions

A. The valuation of all electric transmission, electric distribution, gas distribution, combination gas and electric transmission and distribution and transmission and distribution cooperative property that is subject to valuation for tax purposes shall be determined in the manner prescribed by this section except for:

1. The property of member-owned nonprofit electric distribution cooperatives.

2. Renewable energy equipment that is valued pursuant to section 42-14155.

B. Electric transmission, electric distribution, gas distribution, combination gas and electric transmission and distribution and transmission and distribution cooperative property shall be valued as follows:

1. The department shall determine the original plant in service cost.

2. The original plant in service cost shall then be reduced by:

(a) The related accumulated provision for depreciation.

(b) The reduction in value caused by a state or federal governmental order prohibiting total or partial physical use of electric transmission, electric distribution, gas distribution, combination gas and electric transmission and distribution and transmission and distribution cooperative property for periods of more than six months. Any reductions in value caused by a total or partial prohibition of the physical use of the property shall not exceed the cost of the restricted property less accumulated depreciation.

3. THE DEPARTMENT SHALL NOT VALUE CONTRIBUTIONS IN AID OF CONSTRUCTION.

C. The value of construction work in progress is fifty per cent of the amount spent and entered on the taxpayer's accounting records as of December 31 of the preceding calendar year as construction work in progress.

D. The value of materials and supplies is the total cost of such property as of December 31 of the preceding calendar year.

E. The value of environmental protection facilities that are required by law is fifty per cent of the depreciated cost of the facilities.

F. All terms and applications of terms shall be interpreted according to the federal energy regulatory commission uniform system of accounts for electric and gas utilities in effect on January 1, 1989.

G. ~~IN~~ FOR THE PURPOSES OF this section, unless the context otherwise requires:

1 1. "Construction work in progress" means the total of the balances of
2 work orders for an electric transmission, electric distribution, gas
3 distribution, combination gas and electric transmission and distribution and
4 transmission and distribution cooperative plant in process of construction on
5 December 31 of the preceding calendar year, exclusive of land rights and
6 licensed vehicles.

7 2. "Depreciation" means straight line depreciation over the useful
8 life of the item of property.

9 3. "Distribution cooperative" means a member-owned nonprofit electric
10 distribution cooperative corporation that is organized under or becomes
11 subject to title 10, chapter 19, article 2.

12 4. "Electric transmission, electric distribution, gas distribution,
13 combination gas and electric transmission and distribution and transmission
14 and distribution cooperative property" means plant, construction work in
15 progress, materials and supplies and environmental protection facilities.

16 5. "Environmental protection facilities" means the acquisition or
17 construction cost of any building, structure, equipment, facility or
18 improvement that is designed and constructed solely to control, reduce,
19 prevent or abate:

20 (a) Discharges or releases into the environment of gaseous, liquid or
21 solid substances, heat or noise.

22 (b) Any other adverse impact of an activity on the environment.

23 6. "Materials and supplies" means the cost, including sales, use and
24 excise taxes, and transportation costs to point of delivery in this state,
25 less purchases and trade discounts, of all unapplied material and supplies on
26 hand in this state as of December 31 of the preceding calendar year.

27 7. "Original plant in service cost" means the actual cost of acquiring
28 or constructing property including additions, retirements, adjustments and
29 transfers, but without deducting related accumulated provision for
30 depreciation, amortization or other purposes.

31 8. "Plant" means all property that is situated in this state and that
32 is used or useful for the transmission or distribution of electric power or
33 distribution of natural gas. Plant does not include land rights, materials
34 and supplies and licensed vehicles.

35 9. "Transmission cooperative" means a member-owned nonprofit electric
36 transmission cooperative corporation that is organized under or becomes
37 subject to title 10, chapter 19, article 4.

38 Sec. 2. Retroactivity

39 This act applies to tax years beginning from and after December 31,
40 2004.

41 Sec. 3. Emergency

42 This act is an emergency measure that is necessary to preserve the
43 public peace, health or safety and is operative immediately as provided by
44 law.

APPROVED BY THE GOVERNOR APRIL 13, 2005.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 13, 2005.

Passed the House February 7, 2005

Passed the Senate April 5, 2005

by the following vote: 57 Ayes,

by the following vote: 30 Ayes,

0 Nays, 2 Not Voting

0 Nays, 0 Not Voting

[Signature]
Speaker of the House

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

 day of , 20 ,

at o'clock M.

Secretary to the Governor

Approved this day of

 , 20 ,

at o'clock M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this day of , 20 ,

at o'clock M.

Secretary of State

H.B. 2056

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 07, 2005.

by the following vote: 53 Ayes,

0 Nays, 7 Not Voting
With Emergency

[Signature]
Speaker of the House
Pro Tempore
[Signature]
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

7th day of April, 2005.

at 4:23 o'clock P. M.

[Signature]
Secretary to the Governor

Approved this 13 day of

April, 2005,

at 9:30 o'clock A. M.

[Signature]
Governor of Arizona

H.B. 2056

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 13 day of April, 2005,

at 11:04 o'clock A. M.

[Signature]
Secretary of State